

Low Rates Generate Increased Loans

The March 2003 debenture rate fell to 4.5 percent compared to the March 2002 rate of 6.07 percent. With record low rates and the first lien position a SBA 504 loan provides to the lead lender, it is no surprise that the largest monthly debenture pools on record were priced within the last twelve months.

Small businesses, often unable to tap into the long-term capital market, can do so with the 504 loan. The 504 Certified Development Company (CDC) Program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. Terms and conditions more suited to the needs of small business are possible.

Typically, a 504 project includes a loan secured with a senior lien from a private-sector lender covering up to 50 percent of the project cost, a loan secured with a junior lien from the CDC (backed by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the cost, and a contribution of at least 10 percent equity from the small business being helped. The maximum SBA debenture is \$1,300,000. Generally, a business must create or retain one job for every \$35,000 provided by the SBA.

Interest rates on 504 loans are pegged to an increment above the current market rate for five-year and 10-year U.S. Treasury issues. Maturities of 10 and 20 years are available. Fees totaling approximately three (3) percent of the debenture may be financed with the loan. Certified Development Companies (CDCs) are economic development organizations, each of which have a specific geographic territory, and are licensed by SBA to administer this program. (See list of Massachusetts' CDCs.) ■

Guiney Announces Record Year

The year 2002 saw another record number of small businesses grow or expand in Massachusetts with the help of SBA loan products," announced Elaine Guiney, Massachusetts SBA Director. One measure of this success was a record \$292 million in SBA-backed loans to 2,391 businesses, a 23% increase over last year's results. In addition, 238 debt and equity investments totaling \$125 million through our Small Business Investment Company (SBIC) Program went to Massachusetts' businesses. SBA loans were made to a wide array of businesses including hotels, physicians, general convenience stores, special trade contractors and daycare centers.

Loans to women and minorities saw a significant increase this year. The number of loans to minority firms increased by 44% while the dollar total to these



MASSACHUSETTS SBA DIRECTOR ELAINE GUINEY PRESENTS TOM HOLLISTER, PRESIDENT AND CEO OF CITIZENS BANK OF MASSACHUSETTS WITH THE #1 SBA LENDER IN MASSACHUSETTS AWARD.

firms increased by 85%. Loans to women-owned firms increased by 21%.

Ninety-three lending institutions participated in SBA's flagship 7(a) Loan Guaranty Program this year. Citizens Bank was the #1 originator of SBA loans for the second year in a row with 995 loans for \$42 million. Fleet Bank was second with 443 loans for \$29 million and

(CONTINUED ON PAGE 5)

Join the Export Express

The SBA has the ability to help a small business export products or services. The number of small businesses that export has tripled in the last decade. In the past five years, the value of small business exports has increased 300 percent. Despite this surge in export activity, many small businesses continue to have difficulty in obtaining export financing. That's why the SBA created the SBA Export Express Pilot Loan Program.

SBA Export Express combines the SBA's small business lending assistance with its technical assistance programs to help small businesses that have tradition-

ally had difficulty in obtaining adequate export financing.

SBA Export Express helps small businesses that have exporting potential, but need funds to buy or produce goods, and/or to provide services, for export. Loan proceeds may be used for most business purposes, including expansion, equipment purchases, working capital, inventory or real estate acquisitions.

When Blaise Nietcho, President of Chelmsford-based African Consulting Group, and a 2002 graduate of M.I.T.'s Sloan School of Management, needed the financing to export refurbished computers to Cameroon, Kenya, the

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Message on the Move

Many of us watch NBC's Today Show, which is broadcast from Studio 1A at Rockefeller Center. We are familiar with the two 90-foot signs that scroll the day's headlines for the reading pleasure of New York pedestrians. But most of us don't know that a Massachusetts-based small business created these oversized moving messages. Sunrise Systems, Inc., (SSI) of Pembroke, a designer and manufacturer of electronic programmable signage, developed the display for NBC. The company has a customer list that would impress many large corporations. In addition to NBC, SSI has developed systems for such internationally recognized institutions as the Guggenheim

Elaine Guiney, Massachusetts SBA Director said, "504 loans are intended to stimulate the local economy through job creation and retention. Because of this project, SSI was able to expand its customer base and create new manufacturing jobs in Pembroke."

Museums in New York and Bilbao, Spain, CNN, the Bloomberg News Center in Chicago, and the Newseum.

Visitors entering the Newseum, the interactive museum dedicated to the world of news and journalism, located in the Washington, D.C. suburb of Arlington, Virginia, are struck by the giant News Globe. The day's headlines are wrapped around the circumference of this 68-foot tribute to national and international newspapers. SSI's technical staff worked directly with the Newseum to meet their requirements. Another of SSI's contributions to the Newseum is the 120-foot long news/stock ticker located above the Newswall, a wall of giant video screens that broadcast news from around the world.

Henry Appleton and Paul Miller initially formed Sunrise Systems in 1976 to build medical research instruments, but SSI evolved into a designer and manufacturer of electronic programmable signage. The company is a leader in the industry and has introduced many firsts: the very first programmable light emitting diode (LED), flexible LEDs, colored LEDs, the world's longest LED, and the first three-dimensional LED. Twenty-year patents protect many of the inventions of this award-winning company.

Up until 1999, SSI designed and built prototypes from two separate, leased buildings in Pembroke. Some short run manufacturing was done onsite, but because of space restrictions, most of the manufacturing was contracted out to other companies. However, when Henry Appleton

noticed that his dream building was up for sale, the company changed course. A 20,000 square foot building on 6 acres of land, just 1/4 mile from company headquarters, met all requirements and would enable SSI to begin manufacturing their products in house.

Appleton and Miller contacted Taunton-based South Eastern Economic Development (SEED) Corp. to ask about financing options. SEED recommended the U.S. Small Business Administration's (SBA) 504 Loan Program which specifically provides for assisting growing businesses with long-term, fixed-rate loans for major fixed assets, such as commercial real estate. Appleton said, "The 504 loan product appealed to me because of the minimal 10% down payment required and the fixed rate option on SBA's portion of the financing package."

Elaine Guiney, Massachusetts SBA Director said, "504 loans are a very good deal for any business and for the community. These loans are intended to stimulate the local economy through job creation and retention. Because of this project, SSI was able to expand its customer base and create new manufacturing jobs in Pembroke."

Rockland Trust Company financed 50% of the project, while an SBA-backed debenture rounded out the financing package. SEED Corp. coordinated the entire package for Sunrise Systems and Rockland Trust for submission to SBA.

Whenever LED technology is needed, you can be sure that Sunrise Systems will be chosen to create these increasingly familiar moving messages. ■



MASSACHUSETTS SBA DIRECTOR ELAINE GUINEY PRESENTS MARIA GOOCH-SMITH, EXECUTIVE DIRECTOR OF SEED CORP., WITH THE #1 SBA 504 LENDER IN MASSACHUSETTS AWARD.

SBA Certified Development Companies in Massachusetts

Bay Colony Development Corp.
(781)891-3594

Massachusetts Business Development Corp.
(617)350-8877

North Central Massachusetts Development Corp.
(978)840-4300

South Eastern EDC
(508)822-1020

South Shore EDC
(617)479-7066

Worcester Business Development Corp.
(508) 755-9639

LATEST 20 YEAR BOND RATES

3/03	2/03	1/03	12/02	11/02	10/02
4.5%	4.84%	4.9%	5.10%	5.08%	4.75%

MASSACHUSETTS 7A LOAN VOLUME REPORT: 10/01/02 - 03/31/03

	LENDER NAME	GROSS AMOUNT	LOANS
1	CITIZENS BANK	\$23,264,200.00	651
2	FLEET NATIONAL BANK	\$11,669,400.00	214
3	BANKNORTH, NATIONAL ASSOCIATION	\$7,636,116.00	76
4	DANVERS SAVINGS BANK	\$8,983,000.00	58
5	SOVEREIGN BANK	\$2,184,800.00	21
6	CAPITAL ONE FEDERAL SAVINGS BANK	\$835,000.00	21
7	EASTERN BANK	\$2,055,300.00	18
8	ABINGTON SAVINGS BANK	\$2,326,000.00	17
9	THE BANK OF WESTERN MASSACHUSETTS	\$1,897,800.00	17
10	ENTERPRISE BANK AND TRUST COMPANY	\$1,110,800.00	15
11	ENTERPRISE CAPITAL, INC	\$2,803,000.00	14
12	FLORENCE SAVINGS BANK	\$742,900.00	13
13	CIT SMALL BUSINESS LENDING CORP	\$7,434,000.00	10
14	MIDDLESEX SAVINGS BANK	\$1,556,800.00	8
15	LEGACY BANKS	\$902,500.00	8
16	BERKSHIRE BANK	\$411,000.00	8
17	BUSINESS LOAN CENTER, INC.	\$3,150,000.00	5
18	SALEM FIVE CENTS SAVINGS BANK	\$865,000.00	5
19	THE PITTSFIELD CO-OPERATIVE BANK	\$650,000.00	5
20	COMMERCE BANK & TRUST COMPANY	\$283,000.00	5
21	HOME LOAN AND INVESTMENT BANK, F.S.B.	\$3,030,000.00	3
22	GE CAPITAL SMALL BUSINESS FINANCE CORP	\$1,222,000.00	3
23	NORTH MIDDLESEX SAVINGS BANK	\$654,000.00	3
24	MONSON SAVINGS BANK	\$646,492.00	3
25	THE PROVIDENT BANK	\$570,000.00	3
26	FIRST TRADE UNION BANK	\$550,000.00	3
27	WESTBANK	\$417,000.00	3
28	CHICOPEE SAVINGS BANK	\$317,000.00	3
29	HOMETOWN BANK, A CO-OPERATIVE BANK	\$212,000.00	3
30	FIRST INTERNATIONAL BANK	\$2,115,000.00	2
31	BRANCH BANKING & TRUST COMPANY	\$1,800,000.00	2
32	CENTURY BANK AND TRUST COMPANY	\$1,032,000.00	2
33	WACHOVIA SBA LENDING INC	\$957,500.00	2
34	FLAGSHIP BANK AND TRUST COMPANY	\$546,000.00	2
35	PENTUCKET BANK	\$169,000.00	2
36	FIRST FEDERAL SAVINGS BANK OF AMERICA	\$165,000.00	2
37	COMPASS BANK FOR SAVINGS	\$140,000.00	2
38	BANK OF FALL RIVER, A CO-OPERATIVE BANK	\$90,000.00	2
39	ROCKLAND TRUST COMPANY	\$90,000.00	2
40	THE FIRST NATIONAL BANK OF IPSWICH	\$85,000.00	2
41	WARE CO-OPERATIVE BANK	\$74,500.00	2
42	RANDOLPH SAVINGS BANK	\$1,000,000.00	1
43	CANTON INSTITUTION FOR SAVINGS	\$750,000.00	1
44	GREENFIELD CO-OPERATIVE BANK	\$500,000.00	1
45	MASSACHUSETTS BUSINESS	\$400,000.00	1

46	HORIZON BANK & TRUST COMPANY	\$315,000.00	1
47	BOSTON PRIVATE BANK & TRUST COMPANY	\$300,000.00	1
48	SLADE'S FERRY BANK	\$300,000.00	1
49	CAPE ANN SAVINGS BANK	\$230,000.00	1
50	STRATA BANK	\$218,650.00	1
51	FOXBOROUGH SAVINGS BANK	\$200,000.00	1
52	SOUTH SHORE CO-OPERATIVE BANK	\$190,000.00	1
53	COASTWAY CU	\$150,000.00	1
54	COMMONWEALTH NATIONAL BANK	\$150,000.00	1
55	PEOPLE'S FEDERAL SAVINGS BANK	\$150,000.00	1
56	BAY STATE SAVINGS BANK	\$140,000.00	1
57	BUSINESS LENDERS, LLC	\$140,000.00	1
58	DUKES COUNTY SAVINGS BANK	\$140,000.00	1
59	LEE BANK	\$140,000.00	1
60	THE MILFORD NATIONAL BANK & TRUST COMPANY	\$140,000.00	1
61	ASIAN AMERICAN BANK & TRUST COMPANY	\$135,000.00	1
62	BRIDGEWATER SAVINGS BANK	\$109,000.00	1
63	WORONOCO SAVINGS BANK	\$108,000.00	1
64	CAPE COD FIVE CENTS SAVINGS BANK	\$100,000.00	1
65	BOSTON FEDERAL SAVINGS BANK	\$95,000.00	1
66	FALL RIVER FIVE CENTS SAVINGS BANK	\$92,000.00	1
67	FITCHBURG SAVINGS BANK	\$90,000.00	1
68	HAMPDEN SAVINGS BANK	\$90,000.00	1
69	WAINWRIGHT BANK & TRUST COMPANY	\$75,000.00	1
70	GREENFIELD SAVINGS BANK	\$73,000.00	1
71	THE SIMSBURY BANK & TRUST COMPANY INC	\$63,000.00	1
72	WESTPORT NATIONAL BANK	\$60,000.00	1
73	FIRST ESSEX BANK	\$40,000.00	1
74	CAPE COD BANK AND TRUST COMPANY	\$38,600.00	1
75	EDGARTOWN NATIONAL BANK	\$35,000.00	1
76	THE NATIONAL GRAND BANK OF MARBLEHEAD	\$30,000.00	1
77	MAYFLOWER COOPERATIVE BANK	\$125,000.00	1
78	MANSFIELD BANK	\$75,000.00	1
TOTAL		\$102,630,358.00	1277

MASSACHUSETTS 504 LOAN VOLUME REPORT: 10/01/02 - 03/28/03

	LENDER NAME	GROSS AMOUNT	LOANS
	BAY COLONY DEVELOPMENT CORP	\$8,040,000.00	18
	SOUTH EASTERN ECONOMIC DEVELOPMENT CORP	\$5,457,000.00	19
	MASSACHUSETTS CERTIFIED DEVELOPMENT CORP	\$5,426,000.00	11
	WORCESTER BUSINESS DEVELOPMENT CORP	\$1,217,000.00	3
	NORTH CENTRAL MASSACHUSETTS DEV CORP	\$296,000.00	1
	TOTAL	\$20,436,000.00	52

Updates

Most recent SBAExpress lenders:

Cambridgeport Bank, Chicopee Savings Bank, Commonwealth National Bank, Eastern Bank, Enterprise Bank & Trust Company, Fitchburg Savings Bank, South Shore Savings Bank, United Cooperative Bank, Wainwright Bank, Webster Five Cents Savings Bank, Westbank, and Westport National Bank have been granted SBAExpress status since our 2002 annual report. SBAExpress makes it faster and easier for lenders to provide SBA guaranteed loans of \$250,000 and under.

Sign up to receive the Massachusetts' SBA newsletter online at <http://web.sba.gov/list>.

The 247 SCORE members in Massachusetts volunteered 39,000 hours in 2002 to train and counsel small businesses.

SBA, in partnership with Staples, has introduced a new online newsletter, "SBA Solutions". For a free subscription go to <http://web.sba.gov/list> and select "SBA Solutions Newsletter".

The SBA provided \$17.37 billion in loans and venture capital financing for small businesses in 2002. Over the past 10 years (1993-2002), the SBA has backed more than \$110.36 billion in loans to small businesses, almost twice as much as the total for the agency's entire history before that time (\$58.33 billion from 1953-1992).

www.score.org

SCORE Delivers Good Advice



The Boston SCORE Chapter has been selected as the 2002 Massachusetts District Chapter of the Year. Boston SCORE counseled and trained 5,477 clients in 2002, boasting a record year. The chapter has grown, in part, because of its innovative community outreach efforts, its strong local alliance partnerships and a successful marketing campaign.

"Boston SCORE was selected for this award because of its excellence in providing a wide-range of high-quality services to the Boston area small business community," said Massachusetts SBA Director Elaine Guiney. "This chapter offers the straight-from-the-hip wisdom that sets their clients on the right path. This free expert advice helps clients focus on the really important issues that every business owner must grapple with in order to succeed."

With more than 60 volunteer business counselors, the Boston SCORE chapter provides small business mentoring and advice on the full range of business topics.

Clients meet face-to-face with a business expert, who has experience owning or operating a business. SCORE members may also counsel in teams, with each counselor bringing a specific strength to the table.

SCORE e-mail counseling is available 24-hours a day, seven days-a-week at www.score.org. Clients can choose from a wide range of counselors to find the one who best matches their business needs. This consulting service via e-mail is a powerful tool for business owners.

SCORE chapter 20 also offers a pre-business workshop every month for prospective businesses and new entrepreneurs at the the O'Neill Federal Building, 10 Causeway Street, Boston, MA. Topics covered include: business planning, financing, marketing, insurance, advertising and the legal requirements of going into business. The workshop fee is \$35.00 with advance registration and \$40.00 at the door. Call 617-565-5591 to register. ■

www.cweboston.org

Cindy Walsh Started Small



Cindy Walsh literally started small. Her first products were attractive fleece outerwear for her two children. When friends kept asking her: "Where did you get that?" she realized that designing and selling fleece clothing was a potential business opportunity. In 1993, after years of staying at home and taking care of her children, Cindy started Red Rover Clothing. Today

Framingham-based Red Rover sells lightweight fleece clothing and accessories for men, women, and children.

Cindy was well prepared to launch Red Rover. She was trained at the Rhode Island

School of Design and also worked in a friend's clothing boutique. Red Rover started selling at display booths at craft shows and gradually grew to include both wholesale and retail sales. Red Rover is based in Framingham where the retail shop is located and where most of the

detailed handwork is done. In May of 2002, after running her business successfully for nine years, Cindy Walsh realized she

wanted a loan to significantly increase inventory to maximize sales during the busy fall and winter months.

While Cindy had a strong business background, she did not know how to apply



(CONTINUED ON PAGE 6)

MILITARY IMPACT

Small business owners or small businesses with essential employees who have been or may be called to active duty can get online assistance through a new Web page developed by the SBA's Office of Veterans Business Development (OBVD).

The page, <http://www.sba.gov/reservists/>, is part of a larger, comprehensive push by OBVD to assist members of the National Guard and Reserve who own or are an essential employee of a small business. Timely information on all SBA programs and services are available to them if and when they are called to active duty during a period of military conflict. ■

www.sba.gov/reservists/

Military Reservists Disaster Loan Application Available On-line

Small businesses that employ military reservists who are called to active duty and are interested in applying for a Military Reservist Economic Injury Disaster Loan (MREIDL) may now download the application from the U.S. Small Business Administration's Web site.

The MREIDL program provides loans to eligible small businesses to cover operating expenses that would have been met, but cannot be met because an essential

employee was called to active duty during a period of military conflict in his or her role as a military reservist.

For information about the program and to download the application, visit the SBA Web site at www.sba.gov/disaster.

To request an application for a Military Reservist Economic Injury Disaster Loan, call toll-free at (800) 659-2955 or write to SBA Disaster Area 1 Office, 360 Rainbow Blvd. South, 3rd floor, Niagara Falls, NY 14303. ■

Record Year (continued from page 1)

Danvers Savings Bank was third with 102 loans for \$21 million. Sovereign Bank, CIT Small Business Lending Corp., the Bank of Western Massachusetts, Banknorth, Eastern Bank, Florence Savings Bank and Abington Savings Bank finished in SBA's top ten.

South Eastern Economic Development (SEED) Corp. was the #1 SBA Certified Development Company Section 504 lender for the fifth year in a row with 51 projects totaling just under \$16 million. Bay Colony Development Corp. produced 42 projects for just under \$23 million while Massachusetts Certified Development Corp. came in third with 18 projects for just under \$10 million.

South Eastern Economic Development (SEED) Corp. was the #1 SBA microlender with \$546,000 worth of loans booked.

The breakdown of these loans is as follows: 2,209 7(a) loans for \$235 million; 124 Certified Development Company 504

loans for just under \$56 million. The average 7(a) loan size in 2002 was \$106,000 while 504's averaged \$452,000. SBA's MicroLoan Program, with loans ranging from \$100.00 to \$35,000, loaned more than \$1 million to very small firms in Massachusetts. The average microloan was for \$21,000.

SBA 7(a) loan guarantees and microloans are available for almost any business purpose, while 504 loans are specifically targeted to firms which are purchasing commercial real estate or capital equipment to facilitate their growth.

SBA's entrepreneurial development efforts in partnership with the Small Business Development Center Network, Service Corps of Retired Executives, the Center for Women & Enterprise and the ten Business Information Centers throughout the state, resulted in more than 33,500 clients counseled and trained. ■

Export Express (continued from page 1)

Ivory Coast, and South Africa, Sam Dulmage, Small Business Loan Officer at Banknorth in Lowell, steered him to the SBA's Export Express Program. Nietcho received a \$125,000 SBA loan to purchase the inventory to ship to the computer-starved African continent.

Dulmage, the Banknorth lender, expressed his enthusiasm for Export Express. He said that his customer was very satisfied with the quick answer he received and he was surprised by the minimal documentation required and the ease with which the transaction was completed.

Recent changes to Export Express have maximized the success of the program. An additional 2,400 small and rural lenders, an increased maximum loan amount from \$150,000 to \$250,000, and interest rate incentives encourage lenders to make smaller loans more available to small businesses.

The Export Express program is designed to finance a variety of needs that small business exporters have including:

- participating in a foreign trade show;
- translating product brochures or catalogues for use in overseas markets;
- opening general lines of credit for export purposes;
- service contracts from buyers located outside the United States;
- financing transaction-specific requirements associated with completing actual export orders; and
- purchasing real estate and equipment for the production of goods or services to be exported. ■

www.sba.gov

SAVE THE DATE

Massachusetts Small
Business Week Awards
Luncheon will be held on
June 20, 2003
at the Seaport Hotel
in Boston

It's Your Business

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msbdc.umass.edu



Defense Economic Transition Assistance Program

Funded by the U.S. Small Business Administration (SBA), the Defense Economic Transition Assistance (DETA) program will enable the Massachusetts Small Business Development Center (MSBDC) Network to provide technical assistance, government contracting assistance, and export assistance to individuals and small businesses throughout the Commonwealth who are impacted by changes in the defense industry.

The DETA program will assist:

- Early response to support government contractors, subcontractors, and employees
- Technical assistance to suppliers and other businesses who might be looking for help with resizing their company or locating new markets
- New venture support to individuals who wish to start a business
- Technology development and commercialization assistance

In order to adequately respond to the problems posed by changes in defense spending, the MSBDC Network has expanded its existing resources to meet this new challenge. They will offer high-quality, one-on-one technical assistance with an array of fully-integrated business counseling resources, including business technical assistance, government contracting, international trade and export assistance, and high-growth technology business counseling. DETA will enable the SBDCs to respond quickly to the needs of a rapidly fluctuating defense industry.

For more information, contact Christine Higgins, DETA Outreach Coordinator by email at cahptac@msbdc.umass.edu.

Massachusetts Small Business Development Center Network counselors spent 27,737 hours counseling 3,992 clients in 2002; trained 3,000 clients at 129 training programs; and trained 1,068 clients at 28 Partners for Trade Workshops. The MSBDC Network secured \$25 million in financing for their clients. ■

Cindy Walsh (continued from page 4)

for a loan, which bank to approach, or what financial statements she needed to prepare. With the busy day-to-day management of the business, she had very little time to learn what she needed to know. Cindy came to the Boston office of the Center for Women & Enterprise and worked with a loan packager, Kweilin Moore, to secure a \$75,000 loan. Together, they talked

with a number of banks and got Cindy a competitive rate on an SBA loan from Middlesex Savings Bank. Now, Cindy can focus on growing her business!

For more information on CWE's Loan Packaging Services, please contact Kweilin Moore at 617-536-0700 ext. 227 or kmoore@cweboston.org. ■



Visit www.sba.gov for more information.